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Acting Chief, Economic Research

Chief, Analysis Division

Survey of KIC Subcommittee Accomplishments.

1. The Subcommittee on Economic Analysis (SEA) is a body representing 6 agencies, one of whom (OSIR) does the overwhelming share of research in this field and one (OIR) does a small share and the remaining do none. In the light of this distribution of competence and responsibility, the Committee has performed none but routine functions, i.e., coordinating external research and evaluating delegation exchange proposals. Both of these could be handled in other ways.

2. The Subcommittee could be abolished provided its routine functions are taken care of in other ways. Almost any alternative procedure for routine functions, however, would be little improvement over the SEA unless all subcommittees are abolished and the alternative procedures apply to the routine functions of all of them.

3. I propose then that the subcommittee system be reviewed with an eye to its abolition and replacement by one more streamlined.

4. A few of the Subcommittees have done good things. Bearing in mind that some of the good things, like allocating responsibility, once done, do not need to be done again, the review should primarily ask what the Subcommittees can do in the future. The following paragraphs present some very tentative arguments that such a review should test.

Reviewing external research:

This has been perfunctory in most cases in most Subcommittees. Distribution of proposed project outlines to all agencies through the main KIC Committee would give each agency an opportunity to register a complaint if it desired.

Review of Delegation Exchanges:

In practice some one agency usually CIA has drafted the evaluation statement. This could still be done and the draft then coordinated with other agencies by the members of the IAC standing committee on exchanges.

SUBJECT: Survey of EIC Subcommittee Accomplishments.

Survey of Research Deficiencies:

This should not be done any more in a comprehensive way. The recognition and promoting of new types of research as it affects more than one agency can be done on an ad hoc basis, as it usually has in the past anyway -- i.e., guided missiles, military expense costing, economic aspects of atomic energy.

Allocation of Responsibility and Elimination of Duplication:

This has already been done in all the easy cases. In the hard cases, like transportation and the duplication of GNP and growth analysis between OIR and ORR, no Subcommittee can have any effect. These require determined ad hoc CIA initiative.

Agreed Statistics:

Agreed EIC statistics have been mostly abandoned but their memory lingers on. The problem here is not a subcommittee deficiency but the tendency of higher echelons occasionally to demand agreed statistics, a job which is then foisted on the subcommittees. The absence of subcommittees would at least enable the EIC to assemble an ad hoc group composed of the right people and agencies for airing differences as the occasion arises. The disappearance of subcommittees does not mean that ORR units won't have the telephone numbers of their counterparts in other agencies.

In conclusion I recommend that this review be carried out without surveys, staff work or written contributions from all subcommittees. Informal conversations between the chairman of the EIC and various small groups of his selection would be more effective.

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11 April 1957

MEMORANDUM FOR THE RECORD

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SUBJECT: Telephone conversation with [REDACTED]

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1. [REDACTED] telephoned me today to tell me that [REDACTED] had attended the ERA Staff Meeting this morning and had been somewhat shaken by some of the discussion at that staff meeting. (This apparently was the staff meeting about which Bill said to me earlier this afternoon: "I had a very frustrating meeting with ERA this morning," when I was talking to him about the organization of the material relating to "Implementation of CIA's Responsibility for the Coordination of Economic Intelligence." [See ORR memo of 1 April on this subject.]

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2. [REDACTED] indicated that ERA had proposed that all EIC sub-committees be abolished; the functions be reviewed, and that necessary and desirable functions be performed by new working groups set up for that purpose. [REDACTED] indicated that such a proposal had once been made by [REDACTED] also reported that he and others had objected strenuously to the attempts and directions to agree basic statistics. He indicated that Amory and others through EIC channels and in other ways had directed that numbers be coordinated on a number of occasions and that this had been interpreted to mean that the numbers be agreed. He indicated that he was quite in favor of coordinating statistics but that this ought to mean that responsible agency defended its figures, presented its figures with whatever agreement and dissent there was on the part of the other agencies recorded.

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3. I told Rush that I was basically in sympathy with this approach to coordinated statistics and had earlier indicated my reservations to [REDACTED] regarding the agreeing of statistics. According to [REDACTED] concurred in the view that coordinated statistics ought not to involve the forcing of agreement.

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4. [REDACTED] indicated that he would like to discuss with [REDACTED] and me, in person, the problems involved in the review of the General Economic Analysis Subcommittee. He thought it was premature to prepare any written material on the subject at the present time. He thought it would be desirable to begin with the 1955 staff study on the proposed Economic Advisory Panel as a basis for discussion, and to proceed to discuss the appropriate role and functions of a group in this field. He indicated there were many implications involved and that the discussion indicated ought to precede any attempt to write the staff study. I indicated agreement with Rush on this subject.

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5. I informed Rush that I was going to be tied up this afternoon and tomorrow and that I was going to be out part of next week. I told him that I would check with [REDACTED] and propose to Bill that we have the oral discussion that Rush suggested. I told Rush I thought Bill might ask for some staffing before the discussion but I hoped he would not. In any case, I will contact Rush after I've talked to Bill on the subject.

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4 April 1957

MEMORANDUM FOR THE RECORD

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SUBJECT: Conversation with [REDACTED] re: General Economic Analysis Subcommittee Review

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1. [REDACTED] and I met with Rush today to discuss with him the appropriate role for the GEA SC, with emphasis on making it a more active and useful group.

2. In discussing an enlarged role for the SC--in terms of our earlier recommendations for an EIC Economic Intelligence Advisory Panel, and Ed Doherty's thoughts on the subject--Rush outlined four (4) functions, as follows:

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a. A "luncheon group" of experts such as himself, Herbert Block, [REDACTED], etc., to discuss relevant problems by way of education, edification, etc.--barring non-experts, such as some of our Pentagon representatives on the GEA SC on the ground that they would not contribute anything. He thought these sessions should be informal with no agenda, etc.

b. A group of outside consultants to discuss these problems. He thought the problems of getting these consultants to come and do their work would be very great. Generally he was bearish on the subject. He thought they might review the contributions to the Soviet, Satellite, and Communist Chinese NIE's each year.

c. Performance of the mechanical tasks of reviewing exchange proposals, external research projects of a simple nature, etc.

d. Extensive review of Air Force research projects being done by CEIR. He thought this ought to be done by a special group of experts such as Dusenberry, and others of Leontief's students in academic positions, with perhaps a D/A person detailed to such a project for several months. He indicated RAND people to review CEIR projects would be extremely difficult since both are largely supported by Air Force contracts. He thought this should be done on at one-shot ad hoc basis with the reviewers' review in turn reviewed by the EIC as such. Practically speaking, this would require agreement on the part of Air Force to do such a review job. He indicated he would draw up the appropriate document if we would negotiate the matter with Air Force.

3. I agreed to provide Rush with a copy of 14 November 1955 memo on "Proposed EIC Economic Intelligence Advisory Panel." He is to examine this to think of some "positive" recommendations for a revitalized GEA group and to get in touch with me, probably on Monday, 8 April 1957, to discuss this further.

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[REDACTED]